Government of Saskatchewan

Annual Report 1983-84

Agricultural Credit Corporation of Saskatchewan

Saskatchewan

85-2047

Annual Report
1983-84

Agricultural Credit Corporation of Saskatchewan

Letters of Transmittal

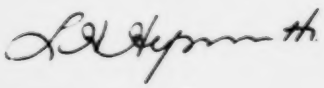
Regina, Saskatchewan
April, 1984

His Honour Frederick W. Johnson
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to present the Annual Report of the Agricultural Credit Corporation of Saskatchewan for the fiscal year ended March 31, 1984.

Respectfully submitted.



Lorne Hepworth
Minister-in-Charge
Agricultural Credit Corporation
of Saskatchewan

Regina, Saskatchewan
April, 1984

Honourable Lorne Hepworth
Minister-in-Charge
Agricultural Credit Corporation
of Saskatchewan

Sir:

Presented herewith is the Annual Report of the Agricultural Credit Corporation of Saskatchewan for the fiscal year ended March 31, 1984.

Respectfully submitted.

Jack Drew
Chairman, Board of Directors
Agricultural Credit Corporation
of Saskatchewan

General Manager's Report

The year ending March 31, 1984 was one of significant change for the Corporation. Most notably, effective January 1, 1984, **The Agricultural Credit Corporation of Saskatchewan Act** came into effect providing the Corporation a new start with a broader client base and streamlined operating procedures.

The Agricultural Credit Corporation of Saskatchewan (ACS) now provides meaningful assistance to developing farmers undertaking irrigation or livestock production. Applicants with net worth less than $300,000 and non-farm incomes less than $35,000 may receive loans of up to $350,000 at subsidized interest rates.

Interest rates on ACS loans are considerably lower than previously available. Subsidized loans are at 8% for the first five years, 12% for the next five years and at a rate based on the Corporation's cost of borrowing, fixed at the time of loan approval, for the last five years of the loan term.

Developing farmers have been quick to realize the merit of the new ACS program and between January 1 and March 31, 1984, the Corporation approved $6.0 million, well over twice the rate of approvals during the first nine months of the fiscal year.

ACS Activity

January to March, 1984

Type	Number	Amount	Average
Hogs	29	$1,727,855	$59,581
Beef	84	3,417,566	40,685
Dairy	5	377,480	75,496
Other	6	459,660	76,610
Total	124	$5,982,561	$48,246

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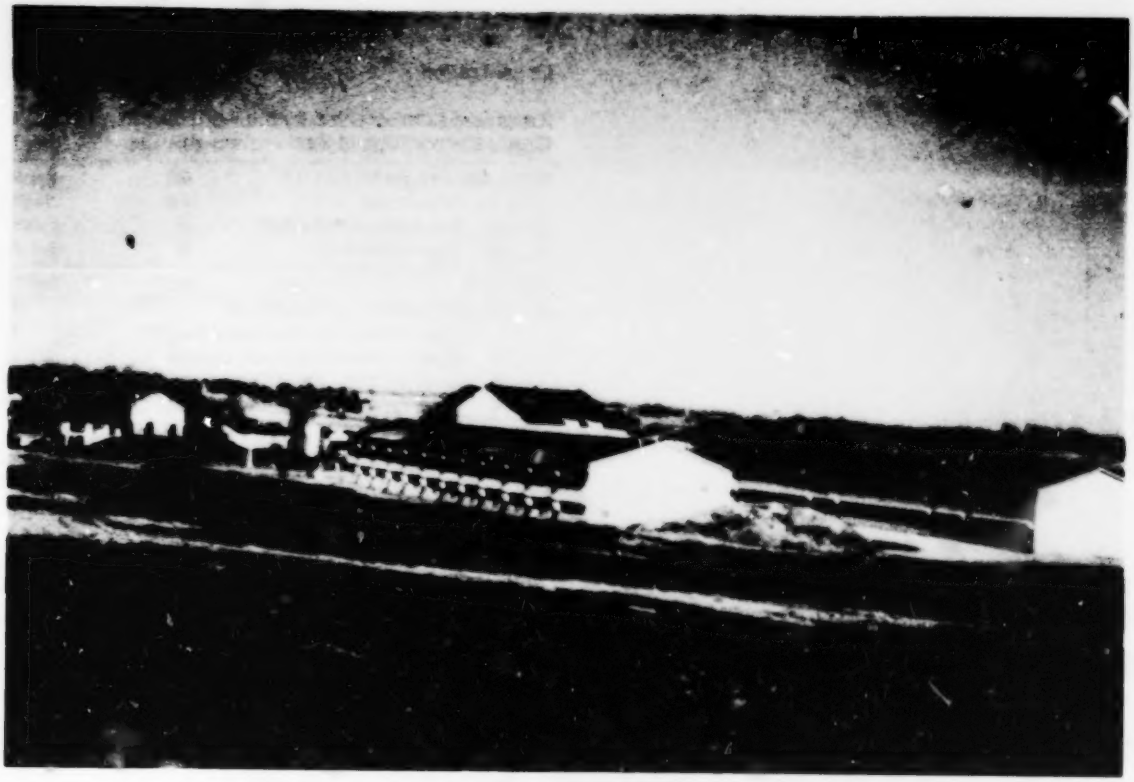
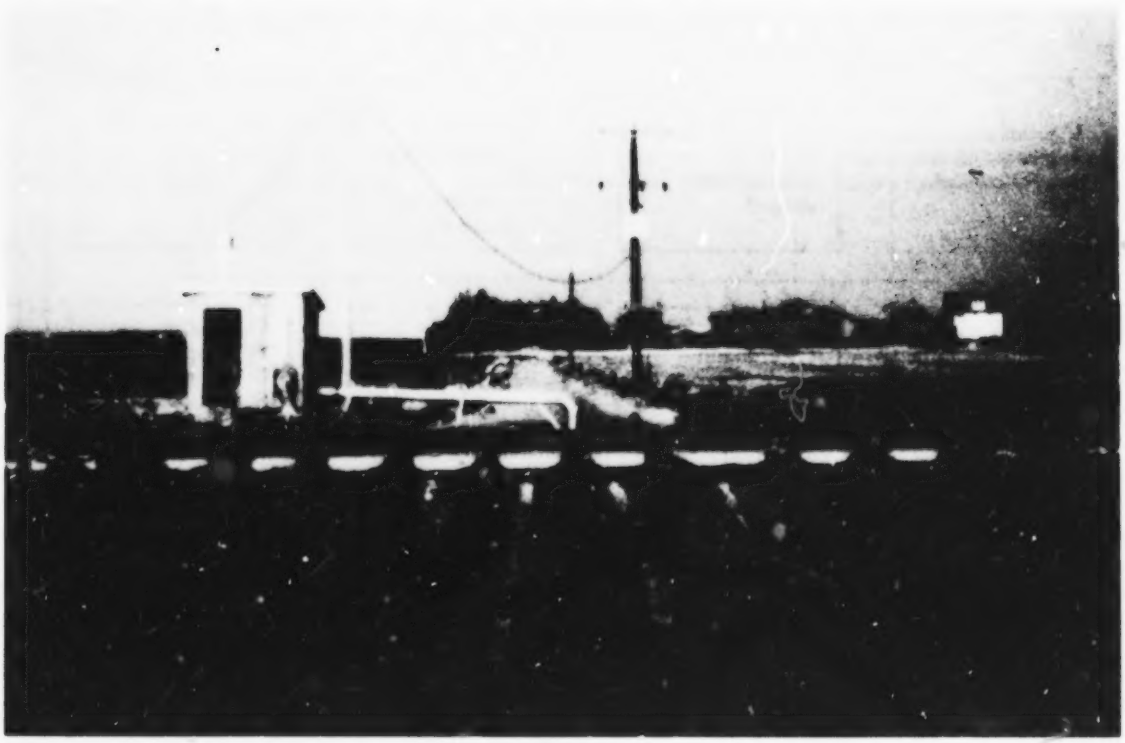


Organization

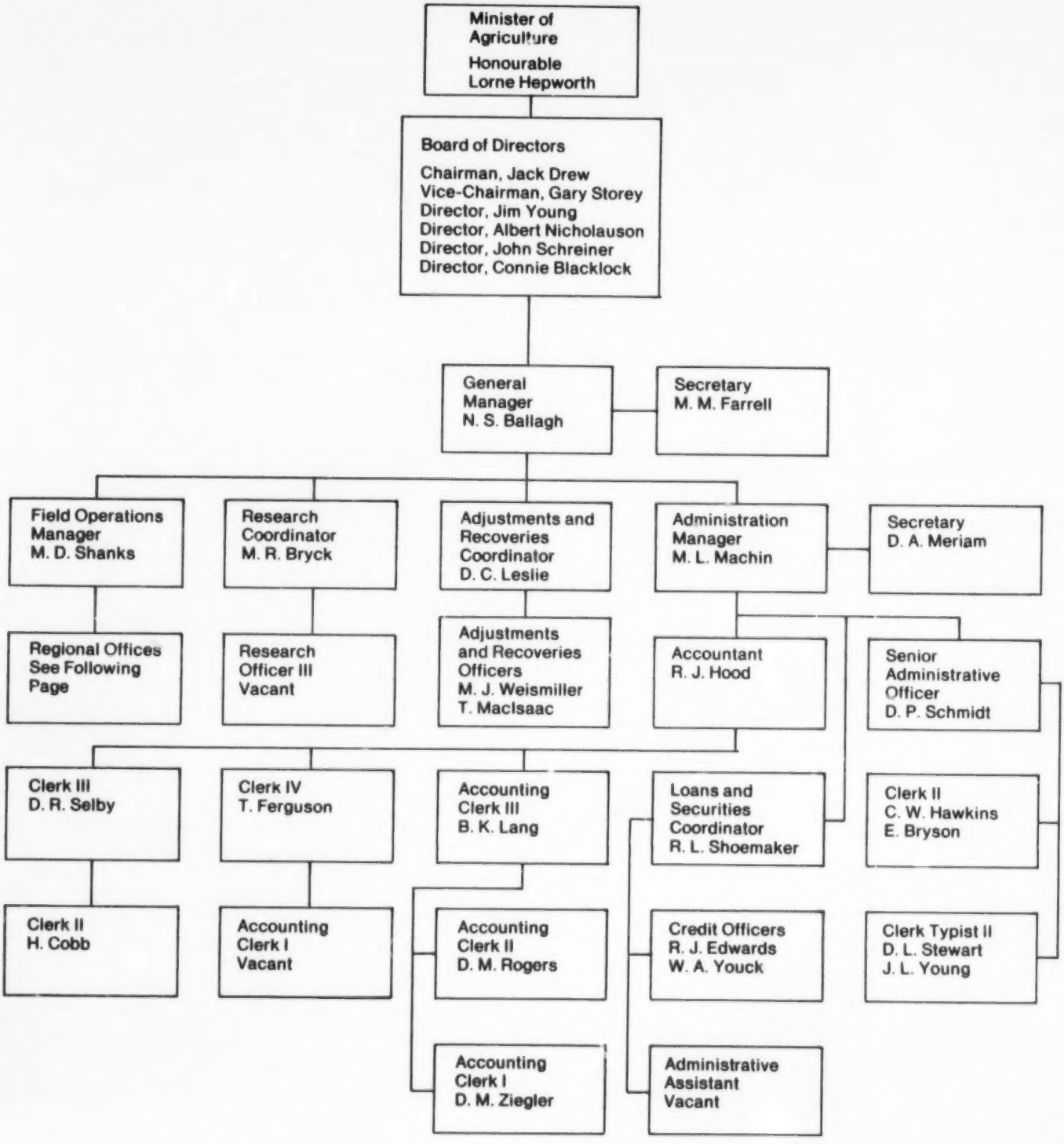
The Agricultural Credit Corporation of Saskatchewan (ACS) is a crown corporation continued pursuant to **The Agricultural Credit Corporation of Saskatchewan Act**.

Reporting to the Minister-in-Charge, a Board of Directors is responsible for managing the affairs of ACS. At March 31, 1984, the members of the Board were Mr. Jack Drew (Chairman), Dr. Gary Storey (Vice-Chairman), Mr. Jim Young, Mr. Albert Nicholauson, Mr. John Schreiner and Mrs. Connie Blacklock.

The Corporation's head office is in Regina with Regional offices located in Weyburn, Swift Current, Yorkton, Watrous, Tisdale and North Battleford. Field offices are located in Indian Head, Moose Jaw, Assiniboia, Kelvington, Strasbourg, Kindersley, Saskatoon, Prince Albert, Shellbrook and Meadow Lake.



Organization Chart



Regional Offices

Region No. 1 — Weyburn 842-4607

Ballard, Lyle	Regional Manager
Lillejord, Rick	Senior Loans Officer
Thompson, Guy	Senior Loans Officer
Emberley, Charlene	Admin. Assistant
Stein, Lloyd	Agrologist
Ewasiuk, Dan	Agrologist
Caderma, Terry	Agrologist (Indian Head)
Hallick, Bernice	Clerk Typist

Region No. 2 — Swift Current 773-2866

Lafreniere, Dennis	Regional Manager
Manz, Gerry	Senior Loans Officer (Moose Jaw)
Martins, Gerry	Senior Loans Officer
Gruending, Esther	Admin. Assistant
Vacant	Agrologist
Frisk, Laverne	Agrologist (Assiniboia)
Howes, Ralph	Agrologist (Moose Jaw)
Ford, Donna	Clerk Typist

Region No. 3 — Yorkton 783-9744

Côté, Denis	Regional Manager
Karcha, Wade	Senior Loans Officer
Stapleton, Chuck	Loans Officer
Collins, Carole	Admin. Assistant
Rakochy, Joe	Agrologist
McLaren, Don	Agrologist
Donovan, Jim	Agrologist (Kelvington)
Fedorowich, Muriel	Clerk Typist

Region No. 4 — Watrous 946-3395

Kunigiskis, Joe	Regional Manager
Boyce, Jim	Senior Loans Officer (Kindersley)
Dieno, Doreen	Loans Officer
Devitt, Heather	Admin. Assistant
Spencer, John	Agrologist (Kindersley)
Vacant	Agrologist (Saskatoon)
Hovdestad, Lorne	Agrologist (Strasbourg)
Berry, Gloria	Clerk Typist
Werth, Doreen	Clerk Typist

Region No. 5 — Tisdale 873-2693

Petrar, Don	Regional Manager
Gabruch, Dave	Senior Loans Officer (Prince Albert)
Childs, Ken	Loans Officer
Johnson, Joyce	Admin. Assistant
Pierce, Don	Agrologist
McLaren, Pete	Agrologist (Prince Albert)
Hagen, Cec	Agrologist
Zorn, Lorraine	Clerk Typist

Region No. 6 — North Battleford 445-6146

Foreman, Bob	Regional Manager
Vacant	Senior Loans Officer
Williamson, Floyd	Loans Officer
Gustafson, Mary	Admin. Assistant
Bater, Keith	Agrologist
Babcock, Jim	Agrologist (Shellbrook)
Danyluk, Jim	Agrologist (Meadow Lake)
Hawryluk, Sandra	Clerk Typist

Programs Administered by the Agricultural Credit Corporation of Saskatchewan

Agriculture typically accounts for one half of Saskatchewan's gross provincial product and is also a major contributor to Canada's export earnings. The continued growth of this sector will directly benefit farmers and indirectly lead to enhanced opportunities for secondary processing and manufacturing in the province.

A key factor in realizing the sector's growth potential is the availability and terms of credit. Thus ACS uses credit as a tool to achieve its prime objective which is to assist developing farmers to establish profitable units. Emphasis is placed on intensifying and diversifying the agricultural sector through livestock and irrigation enterprises.

A. Loan Program

1. Operation

Criteria

Applicants must make farming their principal occupation and be Canadian citizens or landed immigrants resident in Saskatchewan during the term of the loan.

The net worth of the applicant and spouse must not exceed $300,000 and their average non-farm income during the previous three years must not exceed $35,000.

Purposes

ACS loans may be used for the following:

1. Purchase livestock for breeding purposes.
2. Avoid disposing of livestock.
3. Clear, break and sow land for grazing or perennial forage crops.
4. Construct or renovate buildings, improvements, or facilities and purchase equipment to be used in the establishment or expansion of livestock production.
5. Purchase a maximum of one quarter section of land for the purpose of carrying on intensive livestock operations on that land.
6. Purchase feeder livestock for the purpose of feeding and preparing them for slaughter.
7. Purchase machinery and equipment for the production of irrigated crops.
8. Purchase or construct storage, processing or packaging facilities and equipment for irrigated crops.
9. Carry out any land development work that may be required for the production of irrigated crops.
10. Refinance loans secured by farmers to establish, maintain or expand livestock and irrigated crop production.

Loan Amounts

The maximum loan is $350,000; the minimum loan is $10,000.

Interest Rates

Interest rates are fixed for the term of the loan and are based on the applicant's net worth.

Interest rates for subsidized loans are 8% for the first five years, 12% for the next five years and at a rate based on the Corporation's cost of borrowing, at the time of loan approval, for the remaining five years. Prior to March 31, 1984 this last rate was 13%.

The amount of loan eligible for subsidized rates is reduced from $350,000 by $3.50 for every $1.00 of net worth exceeding $200,000, with any remaining portion of the loan being at the non-subsidized rate. Prior to March 31, 1984, this rate was 13%.

Prior to January 1, 1984, interest rates were 10% for the first five years and 12% for the last ten years of a subsidized loan and 14% for the full term of a non-subsidized loan.

Prior to January 1, 1984, the amount eligible for subsidized rates was that portion of a loan which brought the applicant's productive assets to no more than $250,000, subject to an overall maximum of $100,000.

The portion of loan which exceeded $100,000 or brought the applicant's productive assets to more than $250,000 was made at the non-subsidized rate.

Interest rates on loans made in prior fiscal years are also fixed for the term of those loans. Depending on the date of loan approval, interest rates vary from 6% to 14%.

Security

ACS security requirements recognize both the need to protect public funds advanced by the program and the ability of developing farmers to provide security.

Security may include assets acquired with loan funds and may be in the form of land mortgages and security agreements on other assets. Guarantees on behalf of the applicant are also acceptable.

All loans must be adequately protected by life insurance. ACS offers a group life insurance program although assignments of other life insurance policies are acceptable.

Application Procedures

Information on the ACS loan program is available from Corporation staff located throughout the province. Department of Agriculture staff, including Agricultural Representatives, also provide information.

Eligibility is determined by the applicant's Statement of Affairs which details net worth and non-farm income and describes the purpose for which loan funds are sought.

If eligible, the applicant must complete a farm plan and other detailed budgets. Assistance is available from ACS field staff to complete these plans which indicate the potential to develop an economically viable farm unit. In addition, counselling and technical advice are available from Farm Management Specialists, Livestock Specialists, Agricultural Engineers and other Department of Agriculture staff.

Once the applicant has completed the farm plan and other budget material, ACS field staff will review the package and make a decision on the loan.

Applicants should not expect to receive instant credit approval where long term planning is required to obtain an adequate proposal. While applications are processed as quickly as possible, factors such as multiple operator units, operating agreements or loan size could affect the time required for analysis and approval.

Once the loan agreement and security documents have been completed, funds may be disbursed through the field office upon representation by the client of bills verifying that the expenditure has occurred and is consistant with the proposal submitted by the applicant.

Operating Credit

In addition to the capital funds provided by ACS, many clients need operating credit to enable them to carry out their proposal. Therefore ACS may offer to guarantee an operating loan the client obtains from a commercial lender. These guarantees are available only to those with ACS capital loans.

Operating loan guarantees are based on cash flow projections completed by the client and field staff. If a guarantee is to be provided, the client will be given a guarantee form to take to the commercial lender of his choice. The form will specify the amount and duration of the guarantee as well as the security to be taken.

2. Assistance Provided

During the 1983-84 fiscal year, ACS approved 295 loans totalling $13,778,096 which represented an increase of 19% over the average loan size of the previous year. Most notable in this trend were bee and hog loans up 43% and 32% respectively.

Beef enterprises remained the major purpose of applications receiving 44% of approved funds, but this represents a decrease from historic levels of over 50%. Dairy enterprises also declined from their long term share of 21% to only 10% in 1983-84 reflecting the tight milk quota situation. Hog enterprises showed a strong increase representing 37% of 1983-84 activity raising their program share to 17%.

Table 1

ACS Credit Activity

Year	Number*	Loans	Grants	Total
1973-74	844	$ 18,478,824	$ 4,042,760	$ 22,521,584
1974-75	1,192	25,383,824	5,268,640	30,652,464
1975-76	639	12,996,411	2,648,016	15,644,427
1976-77	348	8,091,300	1,322,666	9,413,966
1977-78	379	10,600,107	1,076,082	11,676,189
1978-79	375	12,891,656	1,370,601	14,262,257
1979-80	658	25,050,263	1,953,457	27,003,720
1980-81	1,059	44,270,642	2,202,218	46,472,860
1981-82	880	36,989,382	1,540,854	38,530,236
1982-83	463	18,108,897	510,719	18,619,616
1983-84	295	13,778,096	0	13,778,096
Total		$226,639,402	$21,936,013	$248,575,415

* Prior to 1978-79: Applications Approved
As of 1978-79: Loans Approved

Table 2

ACS Approvals by Type and Region

For the Year Ended March 31, 1984

Region	Hogs	Beef	Dairy	Irrigation	Other	Total	Number of Loans
Weyburn	$ 313,985	$ 661,270	$ 240,235	$	$	$ 1,215,490	29
Swift Current	44,250	1,872,822	50,250	66,410	226,650	2,260,382	52
Yorkton	527,790	447,536	280,387		243,500	1,499,213	34
Watrous	2,368,485	1,309,126	423,900	333,800	424,900	4,860,211	91
Tisdale	531,700	240,100		23,500	5,800	801,100	24
North Battleford	1,263,040	1,516,460	362,200			3,141,700	65
Total	$5,049,250	$6,047,314	$1,356,972	$423,710	$900,850	$13,778,096	
Number of Loans	91	159	23	8	14		295

Table 3

Loan Disbursement Purposes

For the Year Ended March 31, 1984

Type	Buildings and Improvements	Livestock	Machinery and Equipment
Hogs	79%	13%	8%
Beef	8	75	17
Dairy	26	64	10
Bees	84	7	9
Irrigation	3	0	97

Table 4

ACS Net Approvals by Type

To March 31, 1984

Type	Loans	Amount
Hogs	1,152	$ 37,351,978
Beef	4,288	106,884,062
Dairy	1,002	46,679,292
Poultry	89	3,885,196
Sheep	76	2,235,321
Bees	156	6,750,109
SSRID Irrigation	87	3,439,572
Other Irrigation	155	8,681,011
Other	35	1,364,527
Total	7,040	$217,271,068

3. Repayments

At March 31, 1984, there were 3,964 active clients of whom 3,537 had begun loan repayment. The date of first repayment on ACS loans is set to coincide with sale of production and may be established on a monthly, quarterly, semi-annual or annual basis, depending on the enterprise. The maximum loan term is 15 years. Partial or complete repayment of loans may be made at any time without penalty.

At March 31, 1984, arrears amounted to 15% which compares to approximately 11% of a year earlier. The increase in arrears is attributable to the difficult economic situation facing many of the Province's farmers. ACS field staff work closely with clients to re-establish a workable repayment schedule.

4. Client Profile

In order to evaluate the program's effectiveness in assisting developing farmers the following profiles were developed for individuals approved for loans in 1983-84.

New Farmers

Of the 263 applicants who were approved for loans, 77 reported little or no farm income prior to application. Their average age was 25 years. Non-farm income averaged $8,749.

These new farmers had average gross assets of $83,528 and an average net worth of $35,238. Their debt load was split between $3,346 short term and $45,998 longer term. The average farm income reported was negative $247. Their average land base was 599 acres, of which 143 were owned.

The average assistance approved was $86,479 with hog enterprises receiving $122,318, beef enterprises receiving $51,218 and dairy enterprises receiving $126,534.

Expanding Farmers

The remaining 186 applicants already had some farm involvement, reporting an average gross farm income of $37,370 and an average net farm income of $3,418. Their average age was 28 years. Non-farm income averaged $6,144.

These farmers had average gross assets of $165,952 and an average net worth of $78,926. Their debt load was split between $10,624 short term and $78,138 longer term. Their average land base was 623 acres of which 190 were owned.

The average assistance approved was $78,667 with hog enterprises receiving $102,440, beef enterprises receiving $51,478 and dairy enterprises receiving $148,370.

B. Guaranteed Loan Programs

In addition to the direct loan assistance to farmers ACS administers several loan guarantee programs.

1. Livestock Loans Guarantee Act (LLGA)

The Livestock Loans Guarantee Act provided loan guarantees and interest subsidies to farmers purchasing female cattle and sheep. Borrowers were paid a grant to offset any interest charge over 7% during the first three years of their loans.

The program began in 1969 and ended on August 31, 1974. On April 1, 1975, administration of this program was placed under the Corporation (see Financial Statements, Note 7).

As of March 31, 1984, a total of $5,237 was outstanding in guarantees under this program, representing some 6 borrowers. No interest subsidy payments were made during this fiscal year.

2. Guaranteed Livestock Loans (GLL)

Beginning October 15, 1974, the Guaranteed Livestock Loans program provided assistance similar to the discontinued LLGA.

There was no interest subsidy offered under GLL but lenders are limited to charging a maximum of two percent above their prime interest rates. Loans are for seven years and may be used to purchase female cattle and sheep for breeding purposes. Lenders are guaranteed to receive from ACS eighty percent of any loss on these loans.

The program concluded December 31, 1983, although loans and guarantees approved prior to that date will continue. As of March 31, 1984, $443,408 was outstanding to 89 borrowers.

3. Guaranteed Operating Loans (GOL)

To assist those clients who have obtained a capital loan and who lack the necessary finances to meet immediate cash flow requirements, the Corporation provides guaranteed operating loans which are obtained from the lender of the client's choice. Loans guaranteed prior to January 1, 1984 are covered to the extent of eighty percent of any loss to the lender. Loans guaranteed subsequently are guaranteed to ninety percent.

During the fiscal year, the Corporation guaranteed 22 operating loans totalling $519,500. As of March 31, 1984, $80,091 was outstanding on 8 loans.

4. Guaranteed Operating Loans for Feeders (GOLF)

Effective January 1, 1984, ACS implemented the Guaranteed Operating Loans for Feeders program to assist the feedlot industry and to encourage increased cattle feeding in Saskatchewan. To be eligible for assistance an individual must have a net worth of under $300,000 and non-farm income of under $35,000. Applicants must also be bonafide farmers.

Loans may be up to $350,000 for feedlots and up to $100,000 for farmers having animals custom fed. Loan funds may be used for the purchase of feeders, feed and normal feedlot operating expenses providing cattle are fed in Saskatchewan.

Application is made through banks and credit unions. Lenders will be reimbursed by ACS for eighty percent of any losses under the program.

C. Beef Industry Assistance Programs (BIAP)

In response to low cattle prices, the Corporation provided one year interest free advances in 1974, 1975 and 1976. In the last year, these loans were combined with grants totalling $31 million. During the three year period loans totalling over $167 million involving an interest subsidy of almost $15 million were made.

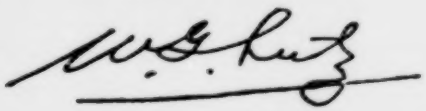
As of March 31, 1984, outstanding loans totalled $608,556.

Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of Agricultural Credit Corporation of Saskatchewan as at March 31, 1984 and the statements of revenue, expenditure and accumulated surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies described in Note 1, applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan
September 6, 1984.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Balance Sheet
As at March 31

Statement 1

Agricultural Credit Corporation of Saskatchewan (formerly FarmStart)

	1984	1983
Assets		
Bank and short-term investments	$ 29,063,422	$ 13,467,441
Appropriations receivable — Province of Saskatchewan	—	40,000
Accrued interest receivable	7,147,488	7,682,703
Loans receivable; net of allowance for losses (1984 — $5,745,925; 1983 — $5,594,687) (Notes 3, 4 and 9)	139,766,491	140,046,318
Office equipment at cost	76,551	76,756
Total Assets	$176,053,952	$161,313,218
Liabilities and Province's Equity		
Liabilities:		
Accrued interest payable	$ 5,153,444	$ 4,618,673
Unexpended grants — Province of Saskatchewan (Note 5)	517,501	234,682
Payable to Department of Agriculture (Note 12)	27,863	37,380
Bank loan (Note 6)	150,000	—
Long-term debt — Province of Saskatchewan (Note 6)	169,843,000	156,326,000
Total Liabilities	175,691,808	161,216,735
Province's Equity:		
Equity in office equipment	76,551	76,756
Accumulated surplus (Statement 2)	285,593	19,727
	362,144	96,483
Total Liabilities and Province's Equity	$176,053,952	$161,313,218

(See accompanying notes to the financial statements)

Statement of Revenue, Expenditure and Accumulated Surplus

Statement 2

For the Year Ended March 31

Agricultural Credit Corporation of Saskatchewan (formerly FarmStart)

	1984	1983
Revenue:		
Grants from the Province of Saskatchewan (Note 5)	$ 9,779,169	$10,200,478
Loan interest	13,158,713	11,819,985
Short-term investment income	2,713,445	2,007,861
Other revenue	431,202	572,808
Total Revenue	26,082,529	24,601,132
Expenditures:		
Administrative expenses (Schedule I)	3,225,145	3,070,021
Grant program (Note 9)	42,437	762,243
Livestock loan interest rebates and guarantees (Note 7)	65,474	53,458
Interest (Note 6)	20,214,172	17,716,116
Bad debt expense (Note 4)	2,269,435	2,999,294
Total Expenditures	25,816,663	24,601,132
Excess of revenue over expenditure	265,866	—
Accumulated surplus beginning of year	19,727	19,727
Accumulated surplus, end of year (Statement 1)	$ 285,593	$ 19,727

(See accompanying notes to the financial statements)

Statement of Changes in Financial Position

For the Year Ended March 31 — **Statement 3**

Agricultural Credit Corporation of Saskatchewan (formerly FarmStart)

	1984	1983
Source of Cash:		
Operations for year		
Excess of revenue over expenditure	$ 265,866	$ –
Items not involving cash funds:		
Bad debt expense	2,269,435	2,999,294
Net source of cash from operations	2,535,301	2,999,294
Increase in long-term debt	13,517,000	20,434,000
Increase in bank loans	150,000	–
Increase in unexpended grants – Province of Saskatchewan	282,819	–
Increase in accrued interest payable	534,771	757,956
Increase in payable – Department of Agriculture	–	6,949
Decrease in appropriations receivable – Province of Saskatchewan	40,000	–
Decrease in accrued interest receivable	535,215	–
Total Source of Cash	17,595,106	24,198,199
Application of Cash:		
Increase in appropriations receivable – Province of Saskatchewan	–	40,000
Increase in accrued interest receivable	–	991,707
Increase in loans receivable – net of repayments	1,989,608	15,577,286
Decrease in unexpended grants – Province of Saskatchewan	–	1,896,947
Decrease in payable – Department of Agriculture	9,517	–
Total Application of Cash	1,999,125	18,505,940
Net increase in cash	15,595,981	5,692,259
Bank and short-term investments, beginning of year	13,467,441	7,775,182
Bank and short-term investments, end of year	$29,063,422	$13,467,441

(See accompanying notes to the financial statements)

Notes to Financial Statements

March 31, 1984

Agricultural Credit Corporation of Saskatchewan (formerly FarmStart)

1. **Significant Accounting Policies**

   a) Grants received are used for the purposes specified by the legislature (Note 5) and are accounted for separately.

   Amounts recovered (net) from the farmers in respect of the grants paid to them in prior years are retained by the Corporation as surplus and are used to fund the administration costs incurred in excess of the general and administration grant received for the year.

   b) The Corporation has adopted the accrual method of accounting. Exception to this principle is made in the case of grant programs administered by the Corporation wherein the expense is not recognized until the grant payment is made. Effective August 31, 1982 the grant program was discontinued. Similarly, expenses associated with guaranteeing loans extended by commercial lending institutions are not recognized until a claim for loss is submitted by the institution (Notes 4, 7 and 8).

   c) The short-term investments are stated at cost which approximates market value.

   d) Office equipment is expensed during the year of purchase.

2. **Status of the Corporation**

   The Agricultural Credit Corporation of Saskatchewan Act came into force on January 1, 1984 repealing **The Agricultural Incentives Act**, proclaimed July 3, 1973. This new Act established the Agricultural Credit Corporation of Saskatchewan (A.C.S.) as a continuance for a corporation known as FarmStart which was previously established by **The Agricultural Incentives Act**. Under this new Act a fund known as The FarmStart Fund was continued as the Agricultural Credit Corporation of Saskatchewan Fund, through which all transactions reflected in these statements were conducted.

3. **A.C.S. Loans Receivable**

   A.C.S. loans are repayable, with interest, over terms not exceeding fifteen years. The loans bear interest at rates varying between 6% and 14% depending on the year of issue. Security on individual loans varies according to what is considered adequate in the particular circumstances, and includes mortgages on real property, chattel mortgages and guarantees, as well as insurance on the lives of the borrowers.

   Under Parts VI, VII and VIII of the Regulations under the former **Agricultural Incentives Act**, the Corporation was authorized to advance loans (cash advance) to cattle farmers for the purpose of maintaining their breeding stock. This program expired on March 31, 1980, and all loans and accrued interest became due and payable. Included in loans receivable and accrued interest receivable are outstanding cash advances of $892,108 (1983 — $1,177,084).

4. **Allowance for Doubtful Accounts**

   The Corporation has established an allowance for anticipated losses on loans receivable of $5,745,925 (1983 — $5,594,687). This includes allowance for cash advances totalling $616,785 (1983 — $805,344).

   The Corporation has made no allowance for expenses that may be incurred in honouring guarantees on outstanding loans extended by commercial lending institutions (Notes 1(b), 7 and 8).

5. **Appropriations from Province of Saskatchewan**

   Under Section 29 of **The Agricultural Credit Corporation of Saskatchewan Act**, the Minister of Agriculture may make grants to A.C.S. out of monies appropriated by the Legislature. During the year ended March 31, 1984, grants were received for the payment of administration costs, interest on borrowed funds, grants made to farmers under Section 15 of the Act, losses incurred on loans extended under the Act, costs incurred by honouring guarantees made under the Act, the interest subsidy on loans extended under **The Livestock Loans Guarantee Act**, and costs incurred by honouring guarantees made on loans extended under **The Livestock Loans Guarantee Act**, (Note 7). Furthermore, the Corporation is required to repay to the Consolidated Fund any surplus remaining from the grants received by it during the year. The following table summarizes activity in respect of grant monies for the year ended March 31, 1984. (Note 1a)).

Grants to the Agricultural Credit Corporation of Saskatchewan

	General Administration	Interest Subsidy	Grants to Farmers	Loan Losses	Livestock Loan Guarantees	Total
1983-84						
Appropriations:						
— main estimates	$3,321,670	$ 3,675,000	$100,000	$3,000,000	$50,000	$10,146,670
— virements and transfers	(170,000)	750,000	—	(168,000)	—	412,000
Total Appropriations	$3,151,670	$ 4,425,000	$100,000	$2,832,000	$50,000	$10,558,670
Grant Proceeds Received	$3,121,670	$ 4,425,000	$ —	$2,700,000	$50,000	$10,296,670
Gross Expenditures	$3,225,145	$20,214,172	$ 42,437	$2,269,435	$65,474	$25,816,663
Add Surplus Revenue (Note 1a))	—	—	286,842	—	—	286,842
Deduct Total Revenue	82,499	15,872,158	329,279	—	19,424	16,303,360
Net Expenditure for Purpose Specified	3,142,646	4,342,014	—	2,269,435	46,050	9,800,145
Gross Unexpended (Overexpended) Grants	(20,976)	82,986	—	430,565	3,950	496,525
Over Expenditure to be Charged Against Surplus (Note 1a))	20,976	—	—	—	—	20,976
Unexpended Grants Payable	$ —	$ 82,986	$ —	$ 430,565	$ 3,950	$ 517,501

6. **A.C.S. Borrowing**

Under Section 19 of **The Agricultural Credit Corporation of Saskatchewan Act** the Corporation may, with the approval of the Lieutenant Governor in Council, borrow monies from various sources as it deems necessary for its purposes. Section 22 restricts total borrowing by the Corporation to $500,000,000.

All funds borrowed under the line of credit are at the bank's prime rate of interest.

As of March 31, 1984 the following advances from the Province of Saskatchewan were outstanding:

Amounts	Due Date	Interest Rate
$ 2,600,000	July 2, 1994	8.58%
4,839,000	August 1, 1994	9.05%
3,733,000	September 3, 1994	8.92%
3,573,000	November 1, 1994	9.25%
3,100,000	December 2, 1994	9.07%
2,397,000	January 2, 1995	8.63%
3,576,000	February 3, 1995	8.46%
4,633,000	March 3, 1995	8.38%
1,500,000	May 1, 1995	8.65%
4,031,000	November 3, 1995	9.48%
3,155,000	December 1, 1995	8.95%
2,036,000	January 5, 1996	9.14%
3,060,000	February 2, 1996	9.07%
7,639,000	March 1, 1996	9.06%
6,399,000	April 1, 1996	9.03%
3,170,000	June 1, 1996	9.00%
5,194,000	August 3, 1996	8.98%
5,000,000	September 1, 1996	9.07%
4,657,000	May 10, 1998	9.49%
13,572,000	June 2, 2000	12.01%
5,735,000	July 3, 2000	11.82%
3,273,000	December 1, 2000	13.30%
1,648,000	January 5, 2001	13.18%
4,372,000	March 2, 2001	13.13%
9,044,000	July 2, 2001	14.81%
7,544,000	September 1, 2001	17.01%
1,551,000	November 2, 2001	17.51%
4,253,000	December 1, 2001	15.93%
5,167,000	January 4, 2002	14.51%
5,441,000	March 1, 2002	16.10%
11,310,000	July 5, 2002	15.38%
9,124,000	August 3, 2002	16.53%
13,517,000	April 5, 2003	11.59%
$169,843,000		

The interest expended on each type of debt is as follows:

	1984	1983
Interest on Advances	$20,203,024	$17,683,852
Bank Interest	11,148	32,264
	$20,214,172	$17,716,116

7. **Guaranteed Loans Under Livestock Loans Guarantee Act**

Effective April 1, 1975, the Corporation became responsible for administration of the Livestock Loan Guarentee Program under **The Livestock Loans Guarentee Act**. Under this program, the Minister of Agriculture guaranteed loans to livestock producers extended by commercial lending institutions. In addition, the Minister would pay each producer the interest paid in excess of 7% during the first three years of the loans. As of March 31, 1984, outstanding loans amounted to approximately $5,237 ($60,471 at March 31, 1983) (Note 4).

8. **Guaranteed Loans Under The Agricultural Credit Corporation of Saskatchewan Act**

As indicated in Note 1(b), the Corporation provides guarantees on loans extended to farmers by commercial banks and credit unions. Guaranteed livestock loans may be made to farmers who expand their livestock herds and at March 31, 1984, there were $443,408 in outstanding loans ($545,458 in 1983). These loans are guaranteed for 80% of the outstanding balance. Regular A.C.S. clients may be approved for guaranteed operating loans to help finance their operations. Loans made prior to January 1, 1984 are guaranteed for 80%, and loans made after January 1, 1984 are guaranteed for 90% of the outstanding balance. At March 31, 1984, there were $80,091 in outstanding loans ($185,399 at March 31, 1983) (Note 4).

9. **Commitments**

As indicated in Note 1(b), the Corporation does not recognize grant expenditures until the grant payment is made. At March 31, 1984 the Corporation had outstanding grant commitments on the A.C.S. Loan and Grant Program for loans approved prior to August 31, 1982 of approximately $43,077 ($348,889 at March 31, 1983).

Similarly, at March 31, 1984, there were approximately $11,402,566 ($13,295,247 at March 31, 1983) in outstanding loan commitments.

10. **Costs Borne By Other Agencies**

All seventeen offices of the Corporation are located in government buildings and accordingly, no rent is paid for the use of that space. Neither the value of these benefits received nor the costs of this space are reflected in these financial statements.

11. **Executive Salaries**

Included in the 1983-84 Salaries and Benefits classification on Schedule 1, are executive salaries of $185,670 ($198,878 in 1982-83), paid to four executives.

12. **Payable — Department of Agriculture**

A.C.S. administers Conservation and Land Improvement Loans for the Department of Agriculture. Interest received is recorded as a liability to the Consolidated Fund, and is included in the accrued interest payable. Repayments of principal by the farmers are payable to the Department of Agriculture.

13. **Comparative Figures**

For comparative purposes certain 1983 figures have been reclassified to conform with the current year financial statement presentation.

Schedule of Administrative Expenditures
For the Year Ended March 31

Schedule 1

Agricultural Credit Corporation of Saskatchewan (formerly FarmStart)

	1984	1983
Salaries and benefits (note 11)	$2,511,598	$2,500,299
Professional services	190,944	200,904
Travel and sustenance	176,854	151,864
Telephones	98,687	38,640
Printing and stationery	95,582	34,705
Data processing costs	71,638	65,859
Chattel registration fees	32,010	43,968
Miscellaneous administrative costs	30,089	27,820
Advertising	16,506	4,121
Purchase of office equipment	1,232	1,841
Total administrative expenses	$3,225,145	$3,070,021